GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:491
ANSWERED ON:29.04.2005
NON- PERFORMING ASSETS OF BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) is not effective in reducing the non-performing Assets of Banks;

(b) if so, the reasons therefor;

(c) whether there is any proposal to set up special cell in the Banking Division of the Ministry to consider the advise of banks in regard to the recovery of outstanding dues;

(d) if so, the details thereof;

(e) whether various big industrial houses are not paying their dues to banks resulting in increasing of NPA;

(f) if so, the details thereof and the total amount of NPA of various banks, bank-wise during each of the last three years as on date;

(g) the total amount written off by banks, bank-wise during the said period;

(h) the criterion adopted by banks for writing off NPA; and

(i) the steps taken by the Government/Banks to recover this outstanding amount thereby reducing NPA?

Answer

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM):

(a) and (b) No, Sir. The recovery made by Public Sector Banks through `The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002` as on 30th September, 2004 is as under:â€”

Particulars	Number of Accounts	Amount (Rs. in crores)
Notices issued	70254	21988.74
Recovery affected	29301	2237.95

(c) No, Sir.

(d) Does not arise.

(e) to (g) Top ten defaulting companies owe about Rs. 3900 crores to various banks. The names of these companies that have appeared in the list of suit filed accounts of Rs. 1 crore and above as on 31st March 2004 as published by Credit Information Bureau India Limited (CIBIL) are as under:â€”

SI. No.	Name of Borrower	Amount Outstanding (in crores)
1.	Malvika Steel Limited	1037.59
2.	Mardia Chemical Ltd.	561.05

3. Daewoo Motors India Limited	373.63
4. Lloyds Steel industries Limited	307.42
5. Mardia Steels Limited	284.58
6. Indian Charge Chrome Limited	284.20
7 Shrishma Fine Chemical and Pharmaceticals (K) Limited	275.43
8. Altos India Limited	263.93
9. JCT Electronics Limited	261.95
10. Lloyd SteeL Industries Limited	259.18
Total	3908.96

The bank-wise details of net non-performing assets and amount written off by each of the 27 public sector banks for the last three years are enclosed as statement I and II respectively.

(h) Writing off of non-performing assets is resorted to by the banks as a last resort when all efforts to recover loans do not materialize. This is a technical write off wherein the outstanding amount is written off from the books of the banks at the head office level whereas it remains in the books of the concerned branches. The bank branches keep making efforts to recover these loans through all possible means even after the loans have been written off.

(f) Government of India and Reserve Bank of India have taken various steps for recovery of loans which inter-alia include evolving and implementing a recovery policy by banks, filing of suits in civil courts/DRTs, compromise settlement and monitoring and follow up of NPAs at various levels. A Credit Information Bureau has been set upto disseminate information on borrowers among the banks. Corporate Debt Restructuring (CDR) scheme has been put in place to provide a transparent mechanism for restructuring of corporate debts of viable entities facing problems due to internal and external factors. Asset Reconstruction Company (India Ltd.) has been incorporated for the purpose of addressing Non-performing Assets. The recent amendment of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has further strengthened the recovery process of the Banks.